

Message Text

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UNCLAS STATE 162705

ATTN PARIS FOR MARK PRATT

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: JULY 13 EA PRESS SUMMARY

1. JAPAN

FONMIN HATOYAMA/MANSFIELD SIGN AGREEMENT FOR JAPAN'S LICENSE-
PRODUCTION OF IMPROVED SURFACE-TO-AIR MISSILES/SHIP-TO-AIR
MISSILES/12 PHANTOM JET FIGHTERS (CSM TOKYO).

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CULLISON (JOC TOKYO) SAYS US-JAPAN WORKING-LEVEL NEGOTS ON
STEEL EXPORTS TO US SCHEDULED OPEN IN PARIS ON/ABOUT 7/18.
TALKS TO CENTER ON DUMPING CHARGES BROUGHT AGAINST JAPANESE
MFRS BY US FIRMS.

BANK OF JAPAN SAYS JUNE WHOLESALE PRICES IN JAPAN SHOWED
BIGGEST DECLINE IN 27 MOS DUE FALL IN IMPORT PRICES
FOLLOWING RISE IN YEN VALUE (WP).

2. INDOCHINA

SRV RENEWS REQUEST FOR UN MEMBERSHIP; UNSC EXPECTED LATER THIS MO TO RECOMMEND ADMISSION, CLEARING WAY FOR UNGA ACTION IN SEPT (NYT SPEC).

3. INDOCHINESE REFUGEES

REP EILBERG (D-PA) ASKS PRES TO CALL INTL CONF ON INDO-CHINESE REFUGEES THAT MIGHT LEAD TO MORE HUMANITARIAN AID/ RESETTLEMENT OPPORTUNITIES (NYT SPEC; AP, PHINQ). EILBERG AVOIDS TAKING POSITION ON WHETHER ADMIN SHOULD APPROVE DOS PROPOSAL TO ADMIT 15,000 ON EMERGENCY BASIS. NO IMMEDIATE COMMENT MADE ON INTL CONF PROPOSAL, BUT OFFICIAL SAYS ADMIN WOULD PROBABLY SUPPORT IT ON PRINCIPLE (NYT).

4. BURMA

REP WOLFF (D-NY) CHARGES ADMIN MORE CONCERNED W/PRESERVING GOOD RELS W/GUB THAN IN CUTTING SEA HEROIN SUPPLY; CHMN HOUSE CMTE ON NARCOTICS SUGGESTED US BUY 250 TONS OPIUM PER YR OVER NEXT 6 YRS BUT SPEC ASST TO PRES BOURNE/ EA'S OAKLEY REJECTED PROPOSAL. WOLFF SAID SEVERAL BURMESE INSURGENTS MADE OFFER; BOURNE STATED "UNTHINKABLE" THAT USG UNCLASSIFIED

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WOULD NEGOTIATE W/INSURGENT GROUPS (JACOBS, WP; NYT SPEC).

GUB SAYS OVER 500 REBELS KILLED IN 98 CLASHES IN E/NE BURMA FROM FEB TO JUNE THIS YR (AP WP, NYT).

5. INDONESIA/MALAYSIA

LORENZ (JOC) QUOTES GOI OFFICIAL, BASED ON OFFICIAL STUDY, THAT IF 13 PCT ANNUAL INCREASE IN DOMESTIC OIL CONSUMPTION CONTINUES, NATION WILL SUFFER RAPID DECLINE IN FOREIGN EARNINGS. LORENZ ALSO MENTIONS RECENT MALAYSIAN REPORT THAT SAYS OIL WELLS WILL RUN DRY IN THAT COUNTRY IN 15 YRS TIME AT CURRENT PRODUCTION RATE.

6. ASEAN

LORENZ (JOC 7/12) REPORTS MEMBERS FORM AUTOMOTIVE FEDERATION AIMED AT HARMONIZING PRIVATE PROGRAMS TO MAKE VEHICLE TO SERVE REGION'S NEEDS. PLANTS, IF SET UP, WOULD PROVIDE COMPLEMENTARY PARTS.

7. AUSTRALIA

GOA IMPOSES RESTRICTIONS ON IMPORTS ASSEMBLED PASSENGER VEHICLES, W/QUOTA OF 45,000 FOR NEXT 6 MOS. MAIN COUNTRY AFFECTED WILL BE JAPAN (AP, WSJ).

8. KOREA

CHMN HOUSE ETHICS CMTE FLYNT DEFENDS PACE KOREAN PROBE.
CALLS NOT ACCURATE SPEC COUNSEL LACOVERA'S MEMOS THAT

COMPLAINED FLYNT'S FAILURE HOLD TIMELY MTGS WAS SLOWING
DOWN INVESTIGATORS' WORK. REPUBLICAN PARTY CHMN BROCK/
REP KOSTMAYER (D-PA)/REP GEPHARDT (D-MO) WANT PRES NAME
SPECIAL PROSECUTOR (BABCOCK, WP). HALLORAN (NYT) NOTES
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BROCK/KOSTMAYER CALL FOR SPECIAL PROSECUTOR DUE SLOW PACE
ETHICS CMTE INVESTIGATION. NOTES CONTINUING RETURNS
ETHICS CMTE QUESTIONNAIRE SENT TO 700 PRESENT/FORMER
CONGRESSMEN HAVE DISCLOSED TRIPS TO KOREA/CONTACTS W/
TONGSUN PARK/CASH CONTRIBUTIONS/OTHERS GIFTS/FAVORS TO
ESTIMATED 115.

FOXBORO CO SAYS AGREED IN PRINCIPLE ESTABLISH JOINTLY
OWNED CONCERN W/KOREA SILK CO TO SELL/SERVICE FOXBORO
EQUIPMENT (WSJ).

9. CHINA

NYDN/CHITRIB CARRY AP PIC OF LEONARD WOODCOCK HOLDING
GRANDDAUGHTER. QUOTE NEW ENVOY TO PRC THAT DELIGHTED TO
SERVE IN SOCIETY THAT RESPECTS OLD AGE.

BANKAMERICA VP/CHINA EXPERT SAUBOLLE SAYD DUE RECENT
EVENTS, PRC IN NEED FOREX, WILL NOT SPEND TO IMPORT
CONSUMER GOODS. ALSO REFERS TO FORZEN ASSETS PROBLEM THAT
INHIBITS US-PRC TRADE. CALLS MKT OF 800 MILLION CONSUMERS
IN PRC "MYTH" (UPI, CHITRIB).

WITT (WP) REPORTS CIA SOLD FRONT-COMPANY AIR ASIA IN
TAIWAN TO E-SYSTEMS INC FOR BELOW REAL VALUE.

10. GENERAL

LAWRENCE (JOC 7/12) REPORTS RUBBER SEEMS BEST NEXT
CANDIDATE FOR MAJOR INTL COMMODITY AGREEMENT NEGOTIATION,
ACCORDING WASHINGTON EXPERTS. NOTES MALAYSIA/INDONESIA/
THAILAND/SINGAPORE/SRI LANKA PRODUCE 90 PCT WORLD'S NATL
RUBBER.
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COMMENT AND ANALYSIS

11. JAPAN

WP'S SAAR (TOKYO) FINDS JAPANESE ELECTION RESULTS SHOW VOTERS' "CHRONIC FLOATING DISSATISFACTION" W/AGING/ CONSERVATIVE LDP, YET THEY BELIEVE RUNNING COUNTRY TOO SERIOUS TO BE LEFT TO SPLINTERED/FEUDING OPPOSITION PARTIES. SAYS FUKUDA "EXCEEDINGLY HAPPY" W/RESULTS, WHILE SOCIALIST LEADER NARITA "BADLY SHAKEN"/OFFERED RESIGNATION. ADDS WHEN "CHIPS WERE DOWN," PARTY W/"PROVEN RECORD" WAS SAFER CHOICE DESPITE ITS MANY DRAWBACKS. AP'S RODERICK (CHITRIB TOKYO) STATES ELECTIONS DEMONSTRATED LDP "MAY BE FATALLY ILL BUT ISN'T READY TO DIE." BELIEVES LDP'S SUCCESSFUL PERFORMANCE DUE LESS TO ITS POPULARITY THAN TO OPPOSITION'S DISARRAY. SAYS MESSAGE SEEMS CLEAR: JAPAN LEANING TOWARD CONSERVATISM TINGED W/LIBERALISM.

CSM SAYS ELECTIONS HAVE POSTPONED PROSPECTS FOR COALITION GOVT, BUT POSSIBILITY "COULD QUICKLY RETURN" SHOULD LDP BE SHOWN CONNECTED W/SKOREAN BRIBERY EFFORTS IN JAPAN. STATES WHILE LDP MAY NOT HAVE REVERSED TREND OF DECLINE DURING PAST DECADE, MEMBERS HAVE SHOWN THEY CAN "PULL THEMSELVES TOGETHER"/UNITE SUFFICIENTLY IN "ROCKY TIMES" TO REMAIN ON COMMAND. OFFERS BEST WISHES TO JAPANESE NATL LEADERSHIP.

CHITRIB OPINES THAT FRIENDLY/STABLE JAPAN IS BEST ASSET US HAS IN FE. SAYS WOULD BE A SHAME TO CONTINUE JEOPARDIZING THIS ASSET "BY DECISIONS LIKE THE ONE ON KOREAN TROOPS." ADDS "WE COULD SUDDENLY DISCOVER" THAT IN ORDER "SAVE A FEW DOLLARS"/"REDEEM ELECTION PROMISE," WE HAD LOST JAPAN'S CONFIDENCE.

JOC'S CULLISON SAYS JAPANESE BUSINESS LEADERS BELIEVE UNCLASSIFIED

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LDP ELECTION SUCCESS WILL BRING STRONG NEW PUSH BYFUKUDA TO REVIVE JAPAN'S LAGGING ECONOMY. KEIDANREN NOW INTENDS PRESS PM TO PROPOSE SUPPLEMENTARY BUDGET TOTALING SOME 5.7 BIL DOLS/ASK BANK OF JAPAN TO LOWER DISCOUNT RATE AGAIN.

CSM PRINTS EXCERPT FROM ADDRESS BY JAPANESE FON AFFAIRS ADVISOR HIDEAKI KASE, DELIVERED AT RECENT WASHINGTON SYMPOSIUM ON NE ASIA SECURITY. KASE CITES US "RETRENCHMENT" INITIATIVES IN ASIA/JAPAN'S CONCERN OVER SAME. EXPRESSES SURPRISE/WORRY OVER KOREAN W/DRAWAL IN PARTICULAR, SAYING JAPAN "CONFIDENTLY EXPECTED" GOJ WOULD BE CONSULTED "PRIOR TO ANY MAJOR DECISION OF THIS SORT." RE REARMAMENT, BELIEVES THERE HAVE BEEN CHANGES IN JAPAN'S POSTWAR SENTIMENT, W/REALITY BEING THAT IF JAPAN THREATENED, "SHE WILL REACT"--WHETHER GOVT IS LEFT/RIGHT--TO ENSURE HER SURVIVAL.

12. JAPAN/CHINA

READER KIYOSHI NASU WRITES TO NYT TO COMMENT ON US RELS W/PRC/TAIWAN. SEES ASPECTS US POLICY THAT CAUSE DEEP ASIAN CONCERN: IMPLICIT REDUCTION TAIWAN TO PROV IN COUNTRY THAT DISREGARDS HUMAN RTS; ABROGATION MDT W/TAIWAN/ PULLOUT FROM KOREA WILL BADLY SHATTER ASIA'S CONFIDENCE IN US. SAYS JAPAN WILL BE HAUNTED BY IDEA WILL BE NEXT COUNTRY ADVERSELY AFFECTED, SO FUKUDA GOVT MAY FACE EVEN MORE UNCERTAIN FUTURE. OPINES JAPAN MAY MAKE ACCOMMODATION W/USSR/PRC, OR GO NUCLEAR. BELIEVES US SHOULD GIVE TAIWAN CHANCE FOR SELF-DETERMINATION.

13. CHINA

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MORITZ (CSM) REPORTS POINT REPEATEDLY DRIVEN HOME RECENTLY BY HI-RANKING CHINESE THAT SCIENTIFIC EDUCATION/ RESEARCH TO BE GIVEN TOP PRIORITY AS PRC SEEKS MODERNIZE INDUSTRY/AGRIC/NATL DEFENSE IN NEXT 23 YRS. SAYS SOME ANALYSTS SEE EMPHASIS AS ANOTHER STAGE IN REHABILITATION APPROACH ASSOCIATED W/TENG HSIAO-PING. REVIEWS INDICATIONS OF NEW APPROACH.

14. KOREA

WSTAR (7/12) VIEWS KOREAN BRIBERY SCANDAL W/BOTH "CONTEMPT AND AMUSEMENT." NOTES REPS' PLEA THAT NO ONE KNEW TONGSUN PARK WAS ANYTHING BUT, IN MO UDALL'S WORDS, "PARTY-LOVING GUY" ON SOCIAL SCENE. SAYS CONGRESSMEN SHOULD MAKE IT THEIR BUSINESS TO KNOW/EXERCISE PRUDENCE WHEN ACCEPTING HOSPITALITY/CAMPAIGN CONTRIBUTIONS. SUPPOSING REPS WALLOWED IN THOUGHT PARK MERELY TRYING SEEK PLEASURE OF IMPORTANT COMPANY, THEN CONTEMPT MUST BE TEMPERED W/ AMUSEMENT ONE FEELS WHEN "VANITY BECOMES A TRAP FOR THE SELF-IMPORTANT."

CSM SAYS UNLESS ETHICS CMTE INVESTIGATES KOREAN MATTER W/MORE ZEAL/DETERMINATION, SUSPICIONS WILL REMAIN STRONG THAT DEMOCRATIC COVER-UP IN MAKING. QUESTIONS ADEQUACY OF DOJ'S PRESENT MACHINERY FOR DEALING W/AFFAIR, OPINES UNLESS BELL CAN ASSURE PUBLIC TIMELY COMPLETION OF CASE, "TIME MAY BE RIPE" CONSIDER SPECIAL PROSECUTOR.

15. PAPUA NEW GUINEA

FROM CANBERRA, WP'S COSTIGAN DOES ANALYSIS ON RECENT PNG ELECTIONS. SAYS OUTCOME BRINGS "IMMENSE RELIEF" TO AUSTRALIA/US DIPLOMATS IN AREA, SINCE PM SOMARE'S VICTORY HAS ENDED PROSPECT OF PNG DISINTEGRATING INTO SEVERAL STATES. PM NOW EXPECTED STRENGTHEN TIES W/US/AUSTRALIA.

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16. INDOCHINESE REFUGEES

WP REVIEWS COMPLEXITIES QUESTION OF ADMISSION 15,000 MORE INTO US. STATES DISTRESS OF REFUGEES IS REASON PRES SHOULD MOVE SWIFTLY TO EXERCISE AUTHORITY TO LET THEM IN. NOTES NUMBER MOUNTING AS MORE FLEE, W/WORLDWIDE EFFORT NEEDED. OPINES US LEADERSHIP NOT LIKELY INSPIRE OTHERS WHILE WE ARE DOING NOTHING ABOUT 15,000 IN WHOSE BEHALF DOS ACKNOWLEDGES PARTICULAR US RESPONSIBILITY.

THIMMESCH (CHITRIB) REVIEWS PLIGHT "BOAT PEOPLE," BELIEVES ADMIN MUST MOVE TO LET MORE IN. MENTIONS REP EILBERG'S (D-PA) VIEW THAT SHOULD BE NO MORE LET IN W/O SPECIAL LEGISLATION. SAYS BRINGING REFUGEES IN WILL NOT BREAK US/ WILL MAKE US STRONGER IN LONG RUN/WILL DEMONSTRATE INTEGRITY. VANCE

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